

SFC's Assurance Framework

- To provide the Audit and Compliance Committee with SFC's Assurance Framework; the resource by which the Board can gain assurance over the effectiveness of controls that SFC relies upon to achieve its objectives.

Recommendations

- Consider the content of the assurance framework and the Council executive's assessment.

Financial implications

- There are no direct financial implications arising from this paper.

SFC's Assurance Framework

Purpose

1. To provide the Audit and Compliance Committee with SFC's Assurance Framework; the resource by which the Board can gain assurance over the effectiveness of controls that SFC relies upon to achieve its objectives.

Background

2. At its meeting on 7 June 2018, the Committee received a paper providing updates to the Scottish Government's Audit and Assurance Committee Handbook, and noted that the Council executive planned to create an assurance framework, as suggested in the Handbook.
3. The Assurance Framework, which can be found at the Annex, gives an objective examination of evidence for the purpose of gaining assurance on the governance, risk management and internal control framework.

Assurance Process

4. The Assurance Framework is the tool used to assemble the evidence on organisational stewardship and the management of major risks to organisational success, and rates the effectiveness of the controls from the assurance work undertaken. It also provides the evidence to support:
 - Management confidence in their assertions.
 - Audit and Compliance Committee assurances to the Board on the state of internal controls.
 - Public statements by the Board as to the state of internal control.
5. The sources of assurance are defined in three broad categories, the 'three lines of defence':
 - **First line:** the way risks are managed and controlled day-to-day. The assurance comes directly from those responsible for delivering specific objectives or processes, e.g. Strategic Plan, Performance Report.
 - **Second line:** the oversight of management activity. The assurance provided is separate from those responsible for delivery, but not independent of the management chain, such as risk and compliance functions.
 - **Third line:** objective and independent assurance from internal and external bodies, e.g. internal audit and external audit, providing reasonable (not absolute) assurance of the overall effectiveness of governance, risk management and controls.

6. The areas where assurance is sought are based on SFC's Strategic Plan 'outcomes' and the individual underpinning themes. The Outcomes are:
 - High-performing colleges and universities
 - High-quality teaching and learning
 - World-leading research
 - Greater innovation in the economy
 - Effective use of resources
 - High-performing Scottish Funding Council
7. Evidence is provided on the controls under the different areas for assurance, and provides an assessment and improvement actions where necessary.
8. The Council executive will maintain the Assurance Framework and it will be presented to the Audit and Compliance Committee annually to support the Committee's recommendation of approval of SFC's annual report and accounts. This is the first version of the framework and therefore today's discussion will be very helpful in taking forward its development.

Risk assessment

9. The Assurance Framework will support the risk register and collate evidence on the controls in place that provide assurance on SFC's processes and management of risk.

Equality and diversity assessment

10. There are no equality and diversity issues arising from this paper.

Financial implications

11. There are no direct financial implications arising from this paper.

Recommendations

12. The Committee is invited to consider the content of the assurance framework and the Council executive's assessment.

Publication

13. This paper will be published on the Council's website.

Further information

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